

Arizona Business Community Supports HB2111 *With Senator Yarbrough Floor Amendment*

The undersigned organizations and businesses want to express their strong support for the passage of HB2111 with the floor amendment that will be offered by Senator Steve Yarbrough. This final amendment represents major concessions to address concerns that have been expressed by the city representatives.

This final amendment reflects the cities' request for a separate online portal for the collection of sales taxes in the 18 non-program cities. In addition, the amendment reflects the cities' demand to maintain the authority to audit single-location businesses in their city. Lastly, the amendment removes all of the changes to prime contracting tax except for the trade and service contractors.

While the Yarbrough amendment reflects major concessions to the cities that undermine some of the important reforms recommended by the Transaction Privilege (Sales) Tax Simplification Task Force, we believe this final proposal still reflects historic progress that deserves final passage.

The Senator Yarbrough floor amendment will provide for the following:

- **Single Point of Administration** – the Department of Revenue (DOR) will become the single point of administration and collection of TPT. However, at the request of the cities, there will be a separate online portal for the 18 non-program cities. **Despite this concession, the cities remain opposed because they want to continue to require businesses making paper sales tax remissions to pay the state and city separately. Their proposal provides most small businesses no administrative relief from making multiple payments to multiple jurisdictions each month.**
- **Single and Uniform Audit** – DOR will administer a standardized state audit program where all state and city auditors are trained and certified by DOR. **Despite major concessions from the business community to allow cities to continue to audit local businesses, the cities continue to push for further changes that will undermine much needed reforms to standardize state and local audits.**
- **Trade/Service Contracting Reform** – Service contractors working directly for an owner to maintain, repair, and replace existing property would pay tax on materials at retail and not be subject to the Prime Contracting Tax. **During Task Force deliberations, the cities repeatedly conceded that this area of the prime contracting tax was problematic and should be changed. However, after almost a year of study and discussion, they have offered a change to the taxation of service contractors that provides no administrative relief and couples that change with a request that the state give the cities \$80 million from use tax collections.**

Arizona's chaotic and dysfunctional sales tax system has been the subject of considerable controversy at the Capitol for over 30 years. The creation of the Task Force, as well as the **appearance** for the first time that the cities recognized the need for reform, gave Arizona businesses great hope that this system would finally be reformed. We strongly encourage state policymakers to pass a sales tax reform bill that is grounded in sound tax policy and focuses on reducing the extraordinary compliance costs on Arizona businesses.

Kevin McCarthy, President, Arizona Tax Research Association
Michelle Lind, Chief Executive Officer, Arizona Association of REALTORS
Bas Aja, Executive Vice President, Arizona Cattlemen's Association
Glenn Hamer, President & CEO, Arizona Chamber of Commerce
Steve Macias, Chairman, Arizona Manufacturer's Council
Francis McAllister, Chairman, Arizona Mining Association
Courtney LeVinus, Arizona Multihousing Association
Michelle Allen Ahlmer, Executive Director, Arizona Retailers Association
Steve Chucri, President/CEO, Arizona Restaurant Association
Rick Murray, Chief Executive Officer, Arizona Small Business Association
Steve Zylstra, President & CEO, Arizona Technology Council
Greg Turner, Vice President, Senior Tax Council, Council On State Taxation (COST)
Lisa Rigler, President, Small Business Alliance AZ
Todd Sanders, President & CEO, Greater Phoenix Chamber of Commerce
Tom Franz, President, Greater Phoenix Leadership
Connie Wilhelm, President, Home Builders Association of Central Arizona
Tim Lawless, Chapter President, NAIOP
Farrell Quinlan, Arizona State Director, NFIB
Ronald E. Shoopman, President, Southern Arizona Leadership Council
Scot Mussi, President, The Arizona Free Enterprise Club
Matt Beckler, Vice President, Treasurer & Chief Tax Officer, Apollo Group, Inc.
Steve Barela, State & Local Tax Manager, Arizona Public Service
Steve Trussell, Executive Director, Arizona Rock Products Association
Michael DiMaria, Director of Legislative Affairs, CenturyLink, Inc.
Gayle Shanks, Owner, Changing Hands Bookstore
Michelle Bolton, Director of Public Affairs, Cox Communications
Nikki Daly, Owner, Flair! Salons
David Karsten, President, Karsten's Ace Hardware
Reuben Minkus, Minkus Advertising Specialties
PetSmart, Inc.
Tina Danloe, General Manager, Pima Ace Hardware
Molly Greene, Senior Government Relations Representative, Salt River Project
Les Orchekowsky, President & Co-Owner, Sierra Ace Hardware, Inc.
Ann Seiden, Administrator/Corporate Public Affairs, Southwest Gas Corporation
Joseph Hughes, Director of Government Affairs, U.S. Airways
Walgreens Co.